UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
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TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing Francis A. Flood

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Specialists in Information.

SECRETARY'S LETTER ON A "PREPOSTEROUS HOAX"

Secretary Wallace has made public a letter sent to a Pennsylvania citizen who wrote to inquire about a widely circulated story concerning a farmer who is alleged to have received $1,000 in the corn-hog campaign when the most he ever received previously from the sale of his hogs was $400 in one year. Branding the tale as a "preposterous hoax", Secretary Wallace said that this mysterious farmer is coming to be one of the most familiar ghosts of the recovery program. Following are quotations from the Secretary's letter to E. J. Bischoffberger, Freedom, Penn.:

"I was much interested in your letter of September 10, and particularly in that part which quotes a Mrs. Scranton.....as saying in a radio speech that 'A New Hampshire farmer never made but $400 per year raising hogs but the government came along and gave him $1,000 not to raise any hogs.' Your complete skepticism about the truth of this story is justified by my inquiries about it. This mysterious farmer, who never made more than $400 from raising hogs but is supposed to have received $1,000 from the Agricultural Adjustment Administration for not raising them, is one of the most familiar ghosts of the recovery program.

"On about August 1 of this year a Boston bond house gave out a letter signed 'E. H. H.' and purported to have been written from Long Meadow, Mass. This letter stated that a Mr. Blank of Northampton had received a government check for $1,000 for not raising hogs and that this Mr. Blank had been raising hogs for about 40 years and never had made more than $400 per year. The charge obviously was intended to mislead city people as to the nature of the corn-hog program. The letter was published later in newspapers in New York and Detroit.

"Letters of almost identical wording appeared in Chicago newspapers about August 11. This time the writer, signing himself 'G. M.' told of a farmer at Delevan, Wis., who had received a check for $1,000 for not raising hogs, et cetera. On August 24, a Louisiana newspaper published

a letter addressed to me that was signed 'Octabe Broussard'. It stated that a Mr. Boudreaux, living in Terrebonne Parish, received a $1,000 check from the government for not raising hogs, et cetera. Then on September 14, in a speech at Waukon, Ia., Senator L. J. Dickinson said, 'A friend of mine told me his experience the other day. He had just received a government check for $1,000 for not raising hogs this year. This friend of mine who got the $1,000 has been raising hogs for 40 years and the most he ever made was $400 a year.'

"Finally, I received your letter quoting Mrs. Scranton as attributing this identical experience to a New Hampshire farmer, and simultaneously another letter came from Minneapolis telling how the same story was heard in Minnesota over the radio.

"The Agricultural Adjustment Administration has investigated this story. It has found that there is neither any Northampton, Mass., nor Delevan, Wis., farmer who has received a check for $1,000; that no checks whatever have been sent to Louisiana in payment on corn-hog contracts; that no contract exists with anyone in Louisiana named Boudreaux, and that no check of exactly $1,000 has been sent to anyone in Iowa. Such a contract signer as described in these letter does not, in fact, exist in any state, except the state of imagination.

"The hog payments are made at the rate of $5 a head on 75 per cent of the average number of hogs produced for market by the contract signer during the years 1932-1933. Thus, three-fourths of the average hog production for any producer who received a check of $1,000 would be approximately 200 head of hogs. The only way that any corn-hog signer who has not raised enough hogs to bring him more than $400 at any time during the past four years could get a $1,000 check on his corn-hog contract would be by enormous overstatement of his past production, that is, by defrauding his government and his neighbors.

"Every corn-hog signer knows that his benefit payment is considerably smaller than the income he has been accustomed to receive from the sale of his hogs in years past. Every corn-hog signer knows that the amount of his benefit payment is based upon records of past averages of production, that the records are checked first by the county committee, rechecked by the state committees, and are finally checked and audited in Washington. Therefore, farmers know that this story is a preposterous hoax, because it could happen only if the supposed farmer entered into an impossible conspiracy with the county committee, and then extended the conspiracy all along the line to Washington. The story is evidentally inspired to inflame the people of the cities against the farmers, who, through the adjustment program are, for the first time in a dozen years, receiving fair play.

"We have repeatedly sought to learn the names of the persons supposed to be getting government money in this surreptitious way. Perhaps the authors of such stories do not appreciate that, in refusing to supply the names, they obviously are either concealing the identity of people who have defrauded the government or else are giving public circulation to a fiction.

"The corn-hog program has largely increased the income of American hog producers. In so doing, it has helped not only them but also business and industry which are dependent upon farm buying power. In these circumstances, I do not believe the people will be influenced by fictitious stories which are obviously inspired by those who, for some personal or political reason, wish the farm program to fail."

# # #

15,000 CORN-HOG PRODUCERS' REFERENDUM MEETINGS

More than 15,000 community meetings, sponsored by corn-hog production control associations, will be held throughout the country during the next two weeks in connection with the corn-hog program referendum.

Reports recently received by the Agricultural Adjustment Administration show that more than 1,000 of these local corn-hog producer meetings are scheduled for each of the nine leading corn and hog producing states. Iowa will hold more than 1,500 community meetings. Estimates received for other states which lead in number of corn-hog contract signers are: Illinois, 1,400 local meetings; Nebraska, Missouri and Minnesota, 1,300 meetings each; Texas, 1,200; Kansas, 1,100; Indiana and South Dakota, 1,000 or more.

Opportunity for every farmer who is participating in the current corn-hog adjustment program to study the corn-hog situation and outlook, and vote on whether or not he favors an adjustment program dealing with corn and hogs in 1935, will be provided at these local meetings.

The meetings are being called by the corn-hog production control associations. These associations provide the machinery for farmers themselves to take the referendum among the 1,110,000 signers of corn-hog contracts. There are 2,100 corn-hog associations, covering two-thirds of all the counties in the United States. Some corn-hog contracts are in effect in every state. The scope of the referendum therefore is almost nation-wide.

State extension and other officials in charge of the corn-hog program have been asked to complete their state referenda by October 12, and to get the returns in to the Washington offices of the Adjustment Administration as soon as possible after that date. The questions which will be voted on in the referendum are:

1. Do you favor an adjustment program dealing with corn and hogs in 1935?

2. Do you favor a one-contract-per-farm adjustment program dealing with grains and livestock to become effective in 1936?

The referendum is to be primarily a vote of corn-hog contract signers, in order that the Adjustment Administration may be guided by

the decision of producers who have had the benefit of one year's experience in the 1934 corn-hog program.

Among the facts of the corn-hog situation which will be studied by farmers as they attend the referendum meetings and prepare to vote, will be the danger that both acreage and production of corn may be excessive in 1935, if there is no adjustment program in effect. With livestock numbers down, a corn crop no larger than the average of the past few years would mean excessive production and low feed prices. This would stimulate a substantial increase in livestock production, especially of hogs, which would be expected to result in much lower livestock prices along in 1936 or 1937.

All corn-hog producers, whether they signed 1934 contracts or not, will be eligible to participate in the 1935 program, if the farmers decide that they want such a program next year. If the farmers vote for a program, the details of the 1935 plan will be worked out after the referendum, in discussions with representative farmers who have taken the lead in formulating and operating this year's corn-hog plan.

# # #

55-CENT LOANS ON 1933 and 1934 CORN ANNOUNCED

Details of a new corn loan plan, providing for loans of 55 cents a bushel at 4 per cent on 1933 and 1934 corn stored on farms according to state warehousing requirements, have been announced by the Adjustment Administration. It was announced a week ago that loans would be made.

There are five principal points in the new program: (1) The new loan value is 55 cents a bushel as compared to 45 cents last year; (2) the maturity date of the new loans will be June 30, 1935; (3) holders of notes may, if they wish, call the loans while corn is at or above 85 cents on the Chicago market; (4) the borrower will be required to take out primary insurance covering fire, lightning and windstorm on the corn on which loans are made; (5) old corn, stored in temporary or unsuitable cribs, will not be accepted for loans.

Loans will be available in Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio and South Dakota. Corn must be No. 4 ear corn, or better. The standard of measurement used last year -- 2-1/2 cubic feet per bushel -- will be used this year.

The new loan program supersedes and nullifies the recently announced extension of outstanding corn loans to January 1, 1935. No old loans will be extended beyond October 15, 1934, but borrowers may take up their old loans, carry their corn for a further period and re-pledge it under the new loan program. All charges in connection with the outstanding loan must be paid in full, but the new loan value of 55 cents, it is felt, is adequate to take care of all charges, including re-inspection and other items in connection with qualifying for the new loan. All corn pledged

under previous loans must be re-inspected and re-sealed if a new loan is to be made on it.

The new loan plan means that all corn loans now outstanding which are not taken up and replaced by new loans must be repaid on or before October 15, 1934. The new loans will mature June 30, 1935. Re-inspection and re-sealing of corn for these loans must be completed by October 15 this year.

However, under the new loan plan, the producer's note may be called, at the option of the holder, while the quoted price of corn is at or above 85 cents a bushel, Chicago basis. This provision was incorporated to prevent "freezing" the corn supply if a serious shortage should develop during the winter.

The Commodity Credit Corporation has arranged with insurance companies for issuance of a special policy which gives the required protection at a rate of 75 cents per $100 of value. It may be based on loan value or market value of the corn, whichever is the higher, and will cover fire, lightning, windstorm, tornado, and hail. While insurance was urged by the Government last year, it was not required. The new provision protects the producer, as it enables him to insure not only the loan value but also his equity in the corn. This insurance, which will be available only to those who borrow under the new loan plan, and which will cost only about half as much as insurance carried last year, may be obtained through local agents for the various insurance companies handling this special policy.

The susceptibility of old corn to spoilage and deterioration if not properly stored gave rise to the provision that old corn stored in temporary or unsuitable cribs would not be accepted. It is anticipated that the old corn now under seal will have to furnish much of the seed corn for 1935. However, it is suggested that if old corn now stored in temporary cribs is in good condition, in the judgment of the inspector, it may be properly re-cribbed and thereupon be available as collateral for a new loan. New corn, of the 1934 crop, may be sealed in temporary cribs of proper construction.

Borrowers who may desire to use part of the sealed corn before the expiration of their notes will find release of the corn greatly facilitated by the use of more than one warehouse certificate. The corn would, of course, have to be sealed in separate cribs or in cribs divided by permanent partitions into two or more compartments. One or more farm warehouse certificates may be pledged under one note.

Borrowers also may redeem a part of their corn now pledged under old loans and reseal the remainder and borrow upon that. All deficiencies or shortages under the old loans, however, must be satisfactorily adjusted with the Commodity Credit Corporation before the borrower will be eligible for a new loan.

A commitment of $100,000,000 to finance the loan program has been obtained from the Reconstruction Finance Corporation by the Commodity Credit Corporation. The eligible producer makes his application for a loan at his local bank after his corn has been inspected and sealed. The bank will accept the producer's note, secured by the farm warehouse certificate, and make the loan, notifying the Commodity Credit Corporation, which will purchase acceptable paper.

The corn loan program of 1933, officials pointed out, has enabled producers to hold a large portion of their crop which would otherwise have passed out of their hands at low prices prevailing early in the season, while later in the season feeders would have been forced to buy from other sources, at higher prices, including the costs of double shipment. It is estimated that 270,000,000 bushels were under seal at the high point. As of September 18, a total of $76,060,469 of the 1933 corn loans had been repaid, and $45,047,701, representing 100,106,000 bushels of sealed corn, remained outstanding.

# # #

CATTLE PURCHASES IN DROUGHT AREAS TOTAL ABOUT 6,500,000

Approximately 6,500,000 drought cattle will have been purchased by the government by September 29, when present cattle purchase quotas expire. Purchases amounted to 5,900,000 head at the close of business September 17. Purchases to the last of the month were made only in areas where the situation is most acute, and only from producers who do not have sufficient feed to maintain their animals. The principal purpose of the cattle-purchase program is to remove animals for which farmer or rancher has no adequate feed supply.

Buying has been temporarily halted in nine drought states, but it proceeded to date in varying volume in the other states. No authorization has been given in any states for the continuation of purchases today (September 29). Authorizations and quotas for purchases hereafter will be issued several days in advance, in order that there will be no interruption in the purchasing program.

One reason for the slowing-down of buying is that officials of the Department of Agriculture and the Adjustment Administration wish to study the livestock feed situation closely, make an adequate appraisal of the stocks of feed on hand, and ascertain how readily it can be moved into areas where it is needed. Data on this are being collected throughout the country by the Bureau of Agricultural Economics. On the basis of this study, the future policy with regard to cattle purchases will be determined. Another reason is that present allotments of money for this purpose are limited, and no further allotments are planned until the need for further purchases has been studied.

In the meantime, the Adjustment Administration is making a strong effort to balance the supply of livestock feed against the demand for the

coming winter. The Federal Livestock Feed Agency has been established in Kansas City and is gathering data on all suitable feed stocks in the country. This agency will inform groups and individuals, who wish to purchase feed, where proper feeds may be had.

Still another reason for reducing the volume of purchases, and one which officials feel is by no means the least important, is the fact that the government does not wish to hamper livestock producers in the future by reducing below the safety mark the numbers of good breeding stock.

"We consider it particularly important to conserve the foundation herds," said Chester C. Davis, Administrator of the Agricultural Adjustment Act. "Cattle numbers of the country are being considerably cut by the drought and by our purchasing program which the drought made necessary. This will mean, of course, that a year from now market supplies of cattle will be sharply reduced and cattle prices probably will be materially higher. Therefore, it is essential to the welfare of the producer, and of the consumer as well, that we do not reduce the number of cattle, especially breeding animals, too drastically."

States in which cattle purchases have been practically completed are Arizona, Arkansas, California, Illinois, Iowa, Minnesota, Oregon, Utah and Louisiana.

While purchases are being slowed down the processing of the drought cattle for relief purposes continues. Reports indicate that approximately two and three-quarter million head have been processed with additional millions on pasture awaiting processing.

# # #

$50,000,000 FOR LIVESTOCK FEED

Tentative plans to finance feed procurement and conservation plans of the Federal Livestock Feed Agency through a loan of $50,000,000 from the Reconstruction Finance Corporation have been announced by the Adjustment Administration.

According to preliminary outlines of the plan, the funds advanced through an arrangement with the Reconstruction Finance Corporation will be available to procure feeds on a much larger scale than would be possible otherwise, and to make such feeds available through regular commercial channels to livestock producers. It is hoped that the plan for procurement and distribution will hold down the purchase and slaughter of cattle and sheep through making new feed supplies available.

"The financing of a feed procurement plan is merely a part of the entire program of the Government to make available sufficient feed for livestock this winter," said Chester C. Davis, Administrator of the Agricultural Adjustment Act. "Because of the very grave shortage of normal

pastures and commercial feeds, every effort must be taken to procure and distribute substitutes. Through the Federal Livestock Feed Agency in Kansas City, the needs of drought counties are being consolidated, and directed to the best source of supply. Another measure has been the action of the Agricultural Adjustment Administration in underwriting the harvest of 1,000,000 tons of corn fodder and stover, as well as a quantity of soy bean hay. These and other measures which may be necessary to provide distribution of sufficient feed, may be financed through the loan by the Reconstruction Finance Corporation that has been tentatively arranged."

# # #

AMENDED BOSTON MILK LICENSE BENEFITS PRODUCERS

An amendment to the existing Boston, Mass., milk license approved by Secretary Wallace, provides for an increase of 31 cents per 100 pounds in the price for Class 1 milk testing 3.7 per cent butterfat, f. o. b. railroad delivery points, or delivered to distributors' plants.

Under the amendment, which becomes effective October 1, the price paid producers for Class 1 milk is raised from $2.95 per 100 pounds, or about 6.3 cents a quart, to $3.26 per 100 pounds, or about 7 cents a quart.

The new Class 1 producer price of 7 cents a quart amounts to about 80 per cent of the price received by producers per quart on the average in 1927-29 at Boston. This new price is at least 50 per cent higher than the price received for Class 1 milk in Boston at the low point in May, 1933, prior to any Federal license.

The increased price was requested by the New England Milk Producers' Association, on the grounds that labor and feed costs have risen rapidly and because the market must be brought into line with the licensed areas of Newport and Providence, R. I., and Fall River and New Bedford, Mass., where the Adjustment Administration granted a Class 1 price of $3.40 per 100 pounds effective September 1.

The New England Milk Producers' Association and Einar Jensen, Boston Milk Market Administrator, have informed distributors of the increased price which producers requested. Those with whom the cooperative association deals signified that the advance is acceptable.

No change is made in the Class 2 price for milk, which is the cream class, and is based on 3.7 times the price of a pound of butterfat in 40 per cent cream of bottling quality as quoted by the Bureau of Agricultural Economics f. o. b. Boston during each delivery period.

The provision that new producers must accept the Class 2 price for 90 days probation has been removed from the license, so that no restrictions remain regarding the milk furnished to the market by farmers who have not hitherto sold milk in the area.

# # #

CHANGES IN THE BALTIMORE MILK LICENSE

An amendment to the existing license for the Baltimore milk sales area to include bakery and confectionery milk in the Class 1 price schedule, and a slightly lower price for Class 3 milk, has been completed by the Adjustment Administration. Signed by Secretary Wallace, the amendment to the license went into effect September 24.

No change appears in the price schedule of the license for Class 1 and Class 2 milk, and these classes remain, respectively, at $3.02 and $2.20 per 100 pounds of 4 per cent milk, f.o.b., distributors' plants.

The Class 3 price in the amendment is four times the average quoted price for New York 92 score butter plus 20 per cent plus 20 cents per 100 pounds, which is a reduction of 20 cents a hundredweight. The reduction was requested by the Maryland State Dairymen's Association on the contention that Class 3 milk, which is largely converted into cream for ice cream purposes, will not sell for the price of about $1.70 per 100 pounds according to the former schedule. The new price at the current butter market, with the lower premium allowed, will return about $1.45 to $1.50 per 100 pounds.

In the amendment, Class 2 milk is all milk sold, used or distributed in excess of Class 1 requirements, except milk defined as Class 3, which is milk converted into cream for ice cream manufacture. As the producers' association has been able to get Class 1 price for whole milk sold to bakers and confectioners, such sales have been specifically placed in Class 1 in the amendment.

# # #

TO DISCUSS SOUTHWESTERN POTATO AGREEMENT AT HEARINGS

Four public hearings have been called for the proposed marketing agreement on early potatoes grown in Louisiana, Alabama, Arkansas, Mississippi, Tennessee, Oklahoma, Texas and two counties of Florida. The hearings will be held at Muskogee, Okla., October 1; Wharton, Texas, October 4; New Orleans, La., October 8, and Foley, Ala., October 11, the Adjustment Administration has announced.

The proposed agreement contains provisions for a seasonal quota to be set between October 1 and October 15 of each year for the succeeding season. This quota would be set at a joint conference of the control committee provided for in the agreement, and the control committee of the Southeastern potato agreement upon adoption of a similar amendment in the Southeastern potato agreement. The agreement would provide for periodic suspension of digging which would not exceed 48 hours and would be not less than five days apart.

The proposed agreement provides for a control committee and district proration committees. The control committee would consist of an equal

number of grower and shipper members, to be selected by each group in a general election in the districts, the representation to be based on volume of shipments.

The district proration committees would consist of seven members, with the exception of Louisiana district, where the district committee would consist of nine members. The district proration committees would have an equal number of grower and shipper members and the odd member of each committee would be selected by the original members of the committee.

# # #

PROCESSING TAX RATE ESTABLISHED FOR PEANUTS

The establishment of a processing tax of 1 cent a pound, farmers' stock weight, on peanuts; the suspension of the imposition of such tax on peanuts used in the manufacture of peanut oils (a class of low-value peanut products), and the termination of the floor stocks tax with respect to peanuts, have been announced by the Adjustment Administration. The tax, effective October 1, 1934, is levied on the first domestic processing of peanuts, which is defined as the "cleaning, polishing, grading, shelling, crushing or other processing thereof".

Peanut Regulations, Series 1, Number 1, which establishes the tax, and the certificate exempting peanuts crushed into oil from the tax, were signed September 24 by Secretary Wallace, and have been approved by President Roosevelt. The President also terminated subsections (a) and (b) of Section 16 of the Agricultural Adjustment Act, as amended, with respect to peanuts.

The processing tax of 1 cent a pound is only a little more than one-third of the full statutory processing tax on peanuts as calculated under the terms of the Agricultural Adjustment Act. The full statutory rate is 2.8 cents a pound, which is the difference between the current average farm price of 2.8 cents a pound and the fair exchange value of 5.6 cents a pound. The Secretary found, however, after investigations and public hearings, that the full statutory rate "would cause such reduction in the quantity of peanuts, or products thereof, domestically consumed, as to result in the accumulation of surplus stocks of peanuts, or products thereof, or in the depression of the farm price of peanuts," and that a rate of 1 cent a pound would prevent such results. Hence the establishment of the 1-cent rate.

From testimony presented at the same public hearings, it was ascertained that peanut oils (a class of peanut products) are of such low value, considering the quantity of peanuts used in their manufacture, that the imposition of the processing tax would present in whole, or in large part, the use of peanuts in the manufacture of peanut oils, and thereby substantially decrease consumption and increase the surplus of peanuts. It was therefore decided that such a result would be most effectively prevented

by the suspension of the imposition of the processing tax on peanuts and peanut products used for manufacturing peanut oils.

# # #

PECAN MARKETING AGREEMENT HEARING CALLED

A public hearing on a proposed marketing agreement and issuance of a license for the paper shell pecan marketing industry in North Carolina, South Carolina, Florida, Georgia, Alabama, Mississippi, Louisiana, Texas, Oklahoma and Arkansas, will be held at Montgomery, Ala., October 1, the Adjustment Administration has announced. The proposed agreement, covering improved variety or paper shell pecans and seedling pecans, contains provisions for surplus control to bring the quantity shipped in accord with market demand. Under the agreement, the control board would be allowed to sell the surplus pecans for shelling or export trade. The agreement also contains provisions for grading, minimum prices to growers, minimum resale or trade prices and prohibits consignment shipments.

The control board would consist of eight members, three to be elected by growers, two to be selected by the Distributors' Association of Albany, Ga., one to be elected by distributors not affiliated with the association, one to be selected by the National Pecan Marketing Association, and one to be selected by the National Pecan Growers' Exchange.

# # #

GROWERS' REPRESENTATIVES APPROVE SUGAR BEET PROGRAM

Representatives of sugar beet growers in all producing areas except California this week approved with slight modifications the proposed sugar beet benefit contract which is to be presented to the growers within two or three weeks, and expressed their confidence in the whole sugar program. They were in session last Monday and Tuesday morning, discussing the contract with John E. Dalton, chief of the sugar section, and other officials of the Adjustment Administration.

California growers went over the contract with officials here a few days ago and are in general accord with its provisions.

The growers present selected Charles M. Kearney of Nebraska, president of the National Beet Growers' Association, and J. D. Pancake of Colorado, secretary of that association, to remain in Washington a few days to help with final details of preparing the contract for printing. It was the desire of the sugar section that growers' representatives be present for this work.

The final form is now being drafted and upon its approval by the Secretary of Agriculture it will be rushed to the growers for signatures.

In a statement made at the close of the conference the growers' representatives said:

> "We feel assured that the agreement holds out substantial and material measures of relief for sugar beet farmers and is a major step in the rehabilitation and stabilization of the beet industry."

Before opening the direct discussion of the contract, Mr. Dalton explained that the Secretary of Agriculture, under the authority of the Agricultural Adjustment Act (Jones-Costigan Amendment) has acted to readjust the production of Philippine sugars by approximately 600,000 tons, acted to prevent the planting of an excess amount of cane in Louisiana, and has acted to prevent the production of cane sugar in Puerto Rico in excess of its quota.

# # #

NATIONAL LAND USE POLICY IN THE MAKING

Several editors have asked for information on land use programs under way or proposed by the Agricultural Adjustment Administration or other agencies of the government. One editor, saying that "a national land use policy apparently is taking form", asks, "What are its main features?" This subject was discussed by H. R. Tolley, Director of the Program Planning Division of the Adjustment Administration, in a recent radio talk, which was, as he termed it, "a progress report". Excerpts from this talk follow:

There are many indications that the American people have a new attitude toward the land. They no longer regard land as <u>land alone;</u> they look upon land and its use as one of the elements controlling the economic destiny of every citizen.

In the past six months there has been measurable progress towards setting up a rational program of land use in the United States. An intensive effort has been made to gather the facts needed to set up a sound program for the future use of our land. Certain steps have been taken to give some farm families who now are waging a losing fight to wrest a living from thin, mean land, a new change under better circumstances. These steps represent the beginning of action to retire sub-marginal land from competition with good land. For a decade now our national leaders have urged such a course. Many people have felt that this so-called sub-marginal land is largely responsible for a lack of balance between production and demand; that if it only were retired from cultivation, the agricultural situation would be corrected immediately.

But the facts make it apparent to those who have given the most thought to the agricultural situation, that in order to keep production in balance, careful adjustment of production on <u>good</u> land must accompany

the retirement of poor land, at least until such time as the demand among consumers in this and foreign countries for the products of our farms increases materially above present levels.

The main reasons for retiring the poorest land from farm production are reasons of human welfare. Such land does add something to commercial farm production. But our main concern with it in a rational program of land use is to stop the wastage of human effort that occurs when farm families try to make a living from it. The people now operating such farms, and their children, are condemned to a worse than peasant standard of living. It would be sensible to give such people an opportunity to sell and move to where they will have a better chance to live at an American standard.

So far, funds for buying land have been set aside in two allotments, the first of which amounted to $25,000,000. It was from the Public Works Administration and is for use in any part of the country. The second allotment was of $12,500,000, from the Drought Relief funds appropriated by the last Congress. This is to be used in purchasing land that is definitely a very poor risk for farming because of climate.

Several agencies share in the administration of these funds. The list includes the Federal Emergency Relief Administration, the National Park Service, the Bureau of Indian Affairs, the Agricultural Adjustment Administration, and the Biological Survey.

Poor farm land is being acquired for forests, for park uses, for Indian projects, for wild life refuges. Parcels of land selected for acquisition are to be used in demonstration submarginal agricultural projects.

So far, some 37 areas in which to set up such projects have been tentatively chosen. In each area the land is so poor that farmers now on it cannot make a decent living. In some areas the land has been impoverished by erosion past the point of possible recovery. In others--and this is especially true of projects in the Appalachian mountain sections--the land is so rough and the holdings of individual farmers so small that they can't derive enough income to live at anything but a starvation standard. In still other places, the land is cutover area of thin soil with rock so close underneath that it is droughty and infertile. In one area farmers can't make it because of a scanty water supply for household and stock use. In another, the grazing land has been overstocked and it must be organized into larger units if the men who stay on it are to have an income that will support their families.

But whatever the character of the handicap placed upon the farm families now occupying the land, the plan of operation for their relief is to block up an area of fairly good size in the center of the district, offer to buy it from the owners at an agreed price, and, after the purchases have been negotiated, put it to some useful purpose. The land in some districts will be put back into trees; in others it will be reorganized into grazing units of economic size; in others it will be made into wild life

refuges; in others it will be used for recreational purposes.

To whatever use the land is put, it will demonstrate the practicability or impracticability of its new use. Consequently, these projects are called submarginal agricultural demonstrations.

In the 37 areas, the demonstration projects involve about 2,500,000 acres. Options on this land are beginning to be taken. Because of its low productivity, this land will not mean much, one way or the other, to the total volume of commercial farm production, but the important thing is what it will mean to the farm families and the nearby communities.

Federal funds are to be made available to help the people who sell their land get a new start in a place where they will have a chance to live at a better standard. Some of the people are being offered an opportunity to move to better farms; others will go on small subsistence farms located near the borders of forests or wild life refuges in which they will have work enough to furnish a money income for the purchase of part of their living.

In a number of communities that are sparsely settled, the escape of families on submarginal farms scattered here and there will make it possible to bring about economies in costs of roads, schools and other governmental services. This should relieve the tax burden on people remaining on the better land and in the villages. But, though the submarginal land buying program that will be carried out with funds now available means salvation to thousands of families, and relief to many communities, it represents only the merest beginning on the total task outlined in the President's message of last spring on social security, land uses and water uses.

In order to amass the facts regarding land and water required for planning toward the ends outlined by the President in that message, the National Resources Board has been created. M. L. Wilson, Assistant Secretary of Agriculture, is its committee chairman on land use and policy. Dr. L. C. Gray, chief of the Land Policy Section of the Program Planning division in the Adjustment Administration, is in charge of a group of men preparing a report on land utilization and policy, which is to be made to the President by the Board in December. All agencies of the Federal Government which have responsibilities in connection with our land resources, all the State agricultural colleges, and many State departments of conservation are contributing to this report.

The report will analyze the present and future needs of the nation for the different goods that land produces -- foods, fibres, wood, areas of natural beauty for recreational purposes, facilities for city water supplies, refuges for wild life, and so on. To indicate how much land the nation will need for farm production, the report will deal with prospects for future growth of population, and the level of income and standard of living of the people in this country. It will assess the outlook for selling farm products to foreign countries; survey trends in production

per acre of crop land and pasture land, and include similarly detailed analyses of the needs for land in forests, in parks and other recreational areas, and reserved as a habitat for wild life.

Following the survey of future needs for land, the report will give an inventory of our land resources and how they can be used most efficiently for farming, forestry and the other purposes. This will be a close and thorough study. The section of the report dealing with the total farm land resources of the country, will give a classification of the arable land now in farms, and indicate where is located the land that beyond dispute will not yield an adequate return to farmers. It also will indicate the sections where land would give farm families a fair chance to make a decent living if only it were farmed in large enough units, or if the income from the land were supplemented with part-time employment, or if the capital burdens on the land, as in some irrigation and drainage districts, could be scaled down.

After assessing the future need for land, and the resources available to meet this need, the report will present suggestions for procedure in organizing and operating a program that will bring about that use of our land which will best serve the general welfare. In this section will be set forth the basic facts and principles that must be followed in dealing with many knotty problems. For example, the problem created by the fact that our farms, even now, are producing many more children than can find employment on the land then they come to adult estate; and that with things as they are now there is little room for them in cities. Every day relief workers are defraying money in order to grapple with this problem, and the related problem created by the fact that urban unemployment has forced back onto the land many farm-bred young people who had gone to the city.

The pressure of population on the land undoubtedly is increasing just now. We must at present make provision for more rural employment. Probably the ultimate solution is to make provision for more industrial employment; perhaps in the cities, more probably in decentralized industrial communities, where the workers may gain part of their subsistence from small plots of land. Of course, we cannot be completely certain as yet that such small industrial centers in the open country are to be the American escape from the problem of city slums and rural slums. Our people are determined to escape from a slum standard of living. The forthcoming report of the National Resources Board on land utilization and policy should help us to find the way out.

In discussing progress made toward solving the problem of poor land, we are not in any way disregarding the problem of balancing the production of the good land. The problem of balancing production and preserving the fertility of good land will always be the primary responsibility of the individual landowner. The Government can offer organized farmers social machinery which will enable them to balance production, but the job of operating that machinery is primarily up to farmers themselves.

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